

Senate File 436 - Introduced

SENATE FILE 436

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1240)

A BILL FOR

1 An Act relating to the historic preservation and cultural and
2 entertainment district tax credit by modifying the total
3 amount of tax credits that may be issued, the definition of
4 substantial rehabilitation costs, and the qualifications
5 for certain projects, and including effective date and
6 applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 404A.1, subsection 2, paragraph e, Code
2 2013, is amended to read as follows:

3 e. "*Substantial rehabilitation*" means qualified
4 rehabilitation costs that meet or exceed the following:

5 (1) In the case of commercial property, costs totaling at
6 least fifty thousand dollars or fifty percent of the assessed
7 value of the property, excluding the land, prior to the
8 rehabilitation, whichever is less.

9 (2) In the case of ~~residential property or barns~~ other
10 than commercial property, costs totaling at least twenty-five
11 thousand dollars or twenty-five percent of the assessed value,
12 excluding the land, prior to rehabilitation, whichever is less.

13 Sec. 2. Section 404A.3, subsection 3, paragraph b, Code
14 2013, is amended to read as follows:

15 b. The eligible property shall be placed in service
16 within either sixty months of the date on which the project
17 application was approved under this section, or seventy-two
18 months of the date on which the project application was
19 approved under this section if more than fifty percent of the
20 qualified rehabilitation costs are incurred within sixty months
21 of the date on which the project application was approved under
22 this section.

23 Sec. 3. Section 404A.4, subsection 2, paragraph d, Code
24 2013, is amended to read as follows:

25 d. For the fiscal year beginning July 1, 2012, ~~and for each~~
26 ~~fiscal year thereafter~~, the office shall reserve not more than
27 forty-five million dollars worth of tax credits for any one
28 taxable year.

29 Sec. 4. Section 404A.4, subsection 2, Code 2013, is amended
30 by adding the following new paragraphs:

31 NEW PARAGRAPH. e. For a fiscal year beginning on or after
32 July 1, 2013, but before July 1, 2016, the office shall reserve
33 not more than sixty million dollars worth of tax credits for
34 any one taxable year.

35 NEW PARAGRAPH. f. For the fiscal year beginning July 1,

1 2016, and for each fiscal year thereafter, the office shall
2 reserve not more than fifty million dollars worth of tax
3 credits for any one taxable year.

4 Sec. 5. Section 404A.4, subsection 4, paragraph a, Code
5 2013, is amended to read as follows:

6 a. The total amount of tax credits that may be approved for
7 a fiscal year prior to the fiscal year beginning July 1, 2012,
8 under this chapter shall not exceed fifty million dollars.
9 The total amount of tax credits that may be approved for a
10 the fiscal year beginning on ~~or after~~ July 1, 2012, shall not
11 exceed forty-five million dollars. The total amount of tax
12 credits that may be approved for a fiscal year beginning on or
13 after July 1, 2013, but before July 1, 2016, shall not exceed
14 sixty million dollars. The total amount of tax credits that
15 may be approved for a fiscal year beginning on or after July 1,
16 2016, shall not exceed fifty million dollars.

17 Sec. 6. Section 404A.4, subsection 4, paragraph b,
18 subparagraph (1), Code 2013, is amended to read as follows:

19 (1) Ten percent of the dollar amount of tax credits shall
20 be allocated for purposes of new projects with final qualified
21 rehabilitation costs of ~~five~~ seven hundred fifty thousand
22 dollars or less.

23 Sec. 7. EFFECTIVE UPON ENACTMENT. The following provision
24 or provisions of this Act, being deemed of immediate
25 importance, take effect upon enactment:

26 1. The section of this Act amending section 404A.3.

27 Sec. 8. APPLICABILITY. The following provision or
28 provisions of this Act apply to eligible property to be placed
29 in service on or after the effective date of this Act:

30 1. The section of this Act amending section 404A.3.

31 EXPLANATION

32 This bill relates to the historic preservation and cultural
33 and entertainment district tax credit by modifying the
34 definition of substantial rehabilitation, the amount of tax
35 credits that may be issued, and the qualifications for certain

1 projects.

2 The bill amends the definition of "substantial
3 rehabilitation" for purposes of the credit. Under current
4 law, a certain threshold amount of qualified rehabilitation
5 costs are necessary in order to meet the definition of
6 substantial rehabilitation and qualify for the tax credit. The
7 threshold amount is different depending on whether the eligible
8 property is classified as commercial property or classified as
9 residential property or barns. The bill amends the residential
10 property or barns classification to include all property other
11 than commercial property. The bill also amends the threshold
12 amount of qualified rehabilitation costs in the commercial
13 property category to be the lesser of \$50,000 or 50 percent of
14 the assessed value of the property, excluding the land.

15 The bill extends from 60 to 72 months the date by which
16 eligible property is required to be placed in service after
17 approval of a project application provided that more than 50
18 percent of the qualified rehabilitation costs are incurred
19 within the first 60 months after approval of the project
20 application. This provision takes effect upon enactment and
21 applies to eligible property to be placed in service on or
22 after that date.

23 The bill increases the amount of tax credits that may be
24 approved and reserved. Under current law, not more than \$45
25 million in tax credits may be approved for a fiscal year
26 and reserved for any one taxable year. The bill increases
27 this amount to \$60 million for fiscal year 2013-2014, fiscal
28 year 2014-2015, and fiscal year 2015-2016. For fiscal year
29 2016-2017, and for each fiscal year thereafter, the amount is
30 \$50 million.

31 The bill amends the qualifications for certain projects.
32 Under current law, 10 percent of the total amount of tax
33 credits are required to be allocated to projects with qualified
34 rehabilitation costs of \$500,000 or less. The bill increases
35 to \$750,000 or less the amount of qualified rehabilitation

S.F. 436

1 costs needed for a project to qualify for the tax credits
2 allocated to this category.